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6 UNITED STATES DISTRICT COURT
7 WESTERN DISTRICT OF WASHINGTON
8 AT SEATTLE

9 CHARLES GARBACCIO, Individually and on
10 Behalf of All Others Similarly Situated,

11 Plaintiff,

12 v.
13 STARBUCKS CORPORATION, LAXMAN
14 NARASIMHAN, and RACHEL RUGGERI,

15 Defendants.

16 NO.

17 **COMPLAINT FOR VIOLATIONS OF
18 THE FEDERAL SECURITIES LAWS**

19 **CLASS ACTION**

20 Demand for Jury Trial

1 Plaintiff Charles Garbaccio (“Plaintiff”), individually and on behalf of all other persons
 2 similarly situated, by their undersigned attorneys, alleges in this Complaint for violations of the
 3 federal securities laws (the “Complaint”) the following based upon knowledge with respect to
 4 their own acts, and upon facts obtained through an investigation conducted by his counsel, which
 5 included, inter alia: (a) review and analysis of relevant filings made by Starbucks Corporation
 6 (“Starbucks” or the “Company”) with the United States Securities and Exchange Commission
 7 (the “SEC”); (b) review and analysis of Starbucks’ public documents, conference calls, press
 8 releases, and stock chart; (c) review and analysis of securities analysts’ reports and advisories
 9 concerning the Company; and (d) information readily obtainable on the internet.

10 Plaintiff believes that further substantial evidentiary support will exist for the allegations
 11 set forth herein after a reasonable opportunity for discovery. Most of the facts supporting the
 12 allegations contained herein are known only to the Defendants or are exclusively within their
 13 control.

14 I. NATURE OF THE ACTION

15 1. This is a federal securities class action on behalf of all investors who purchased
 16 or otherwise acquired Starbucks securities between November 2, 2023 and April 30, 2024,
 17 inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of
 18 the federal securities laws (the “Class”).

19 2. Defendants provided investors with material information concerning Starbucks’
 20 fiscal year revenue for 2023 and expected guidance for the fiscal year 2024. Defendants’
 21 statements included, among other things, confidence in Starbucks’ Reinvention and
 22 diversification of its global portfolio, which relies largely on both Rewards customers and more
 23 occasional consumers.

24 3. Defendants provided these overwhelmingly positive statements to investors
 25 while, at the same time, disseminating materially false and misleading statements and/or
 26 concealing material adverse facts concerning related to Starbucks’ Reinvention strategy,
 27 comprising: a roadmap and clear plan for success outside of the US, including opening new

1 stores; positive same-store sales; and strong local innovation in foreign economies. Such
 2 statements absent these material facts caused Plaintiff and other shareholders to purchase
 3 Starbucks' securities at artificially inflated prices.

4 4. On April 30, 2024, after market hours, the truth emerged when investors began to
 5 question the veracity of Defendants' public statements following Starbucks' press release
 6 announcing its second quarter fiscal 2024 earnings and the accompanying same-day earnings
 7 call. In pertinent part, Defendants announced disappointing Q2 Fiscal 2024 results, stating that
 8 store sales declined globally 4%, with traffic falling 7%, and further disclosed a 2% decline in
 9 new revenues to \$8.6 billion. On the back of these results, Starbucks additionally lowered their
 10 guidance for FY 2024, citing global declines in store sales, net revenues, and both GAAP and
 11 non-GAAP earnings. The Company attributed its results and lowered guidance on the issues
 12 Starbucks was facing in China, with CFO Ruggeri stating, in reference to the Chinese market,
 13 "we still see the effects of a slower-than-expected recovery, and we see fierce competition among
 14 value players in the market."

15 5. Investors and analysts reacted immediately to Starbucks' revelation. The price of
 16 Starbucks' common stock declined dramatically. From a closing market price of \$88.49 per share
 17 on April 30, 2024, Starbucks' stock price fell to \$74.44 per share on May 1, 2024, a decline of
 18 over 15% in the span of just a single day.

19 II. JURISDICTION AND VENUE

20 6. Plaintiff brings this action, on behalf of himself and other similarly situated
 21 investors, to recover losses sustained in connection with Defendants' fraud.

22 7. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the
 23 Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the
 24 SEC (17 C.F.R. §240.10b-5).

25 8. This Court has jurisdiction over the subject matter of this action pursuant to 28
 26 U.S.C. §§1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. §78aa.

9. Venue is proper in this District pursuant to §27 of the Exchange Act and 28 U.S.C. §1391(b), as Defendant Starbucks is headquartered in this District and a significant portion of its business, actions, and the subsequent damages to Plaintiff and the Class, took place within this District.

10. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

III. THE PARTIES

11. Plaintiff purchased Starbucks common stock at artificially inflated prices during the Class Period and was damaged upon the revelation of the Defendants' fraud. Plaintiff's certification evidencing his transaction(s) in Starbucks is attached hereto.

12. Starbucks Corporation is a Washington corporation with its principal executive offices located at 2401 Utah Avenue South Seattle, WA 98134. During the Class Period, the Company's common stock traded on the NASDAQ Stock Market (the "NASDAQ") under the symbol "SBUX."

13. Defendant Laxman Narasimhan (“Narasimhan”) was, at all relevant times, the Chief Executive Officer and Director of Starbucks.

14. Defendant Rachel Ruggeri (“Ruggeri”) was, at all relevant times, the Executive VP, Chief Financial Officer, and Principal Accounting Officer of Starbucks.

15. Defendants Narasimhan and Ruggeri are sometimes referred to herein as the “Individual Defendants.” Starbucks together with the individual Defendants are referred to herein as the “Defendants.”

16. The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Starbucks reports to the SEC, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the market. Each Individual Defendant was provided with copies of the Company's

reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, each of these Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

17. Starbucks is liable for the acts of its employees under the doctrine of respondeat superior and common law principles of agency as all the wrongful acts complained of herein were carried out within the scope of their employment with authorization.

18. The scienter of the Individual Defendants, and other employees and agents of the Company are similarly imputed to Starbucks under respondeat superior and agency principles.

IV. SUBSTANTIVE ALLEGATIONS

A. Company Background

19. Starbucks is an American multinational chain of coffeehouses and roastery reserves. The Company serves a variety of coffees, foods, and teas in-store via in-person customer transactions and its mobile ordering feature.

B. The Defendants Materially Misled Investors Concerning Starbucks' Revenue Outlook for Fiscal Year 2024

November 2, 2023

20. On November 2, 2023, Defendants issued a press release announcing 2023 full year fiscal highlights, stating, in relevant part:

Global comparable store sales increased 8%, driven by a 5% increase in average ticket and 3% increase in comparable transactions; North America and U.S. comparable store sales increased 9%, driven by a 6% increase in average ticket and 3% increase in comparable transactions; International comparable store sales increased 5%, driven by a 5% increase in comparable transactions; China comparable store sales increased 2%, driven by a 4% increase in comparable transactions and 2% decline in average ticket; Consolidated net revenues up 12%,

1 to a record \$36.0 billion, or 14%, excluding a 2% unfavorable impact from foreign
 2 currency translation...GAAP earnings per share of \$3.58 grew 27% over prior
 3 year Non-GAAP earnings per share of \$3.54 grew 20% over prior year.

4 21. CEO and Defendant Laxman Narasimhan further touted Starbucks' "strong"
 5 fourth quarter and full fiscal year:

6 We finished our fourth quarter and full fiscal year strong, delivering on the higher
 7 end of our full-year guidance. Our Reinvention is moving ahead of schedule,
 8 fueling revenue growth, efficiency and margin expansion...Notably, we continue
 9 to see the positive impact of our Reinvention on our partner and customer
 10 experiences, proof points that we can continue to create, grow and strengthen our
 11 business while creating value for all. As we enter the current year, in the face of
 12 macro uncertainty, we remain confident in the momentum throughout our
 13 business and headroom globally. We expect sustained momentum throughout the
 14 company for years to come.

15 22. CFO and Defendant Rachel Ruggeri reiterated the Company's 2023 performance:

16 Our strong full fiscal year 2023 performance demonstrated our durable long-term
 17 growth and Reinvention plan execution...We are proud that our full fiscal year
 18 2024 guidance will be grounded on a balance of both revenue growth and margin
 19 expansion.

20 23. Then, on an earnings call the same day, Defendant Ruggeri outlined fiscal year
 21 2024 guidance stating, in relevant part:

22 First, let me start with the foundation of our growth, comparable sales growth. We
 23 expect fiscal year 2024 global comp growth to be 5% to 7%...For color, our fiscal
 24 year 2024 U.S. comparable store sales are expected to grow in the range of 5% to
 25 7% as our business continues to have substantial headroom spurred by our leading
 26 innovation and technology, increasing customer loyalty and strong digital
 27 engagement as evidenced by the U.S. finishing fiscal year 2023 with strong
 28 performance of 9% comp growth. Another positive driver of our fiscal year 2024
 29 5% to 7% global comp growth is the performance in China, with comp expected
 30 to be in the range of 4% to 6% in Q2 through Q4, with a higher comp in Q1 as we
 31 lap prior year mobility restrictions. Such growth is fueled by our increasing digital
 32 capability, coupled with the local opportunity we see stemming from our relevant
 33 product innovation and purpose-designed stores, which are resonating with
 34 customers and driving engagement...Next, in thinking of our global new store
 35 growth, we expect global new store growth of approximately 7%, with
 36 approximately 75% of the growth still coming from outside of the U.S. as we
 37 continue to focus on our strategic global expansion, reaching nearly 41,000 stores
 38 globally by the end of fiscal year 2024. Of the approximate 7% growth, we expect
 39 our U.S. store count to grow by approximately 4% in fiscal year 2024, driven by
 40 our dynamic portfolio format, expanding our white space opportunity.

24. During a question-and-answer segment, Starbucks executives were asked specifically about the Company's business overseas. In pertinent part:

<Q: Sara Harkavy Senatore - Bank of America – Analyst - I had a question about China, please, which I think we've heard the competitive environment there very intense. And I was just curious if that was perhaps some of what we saw in terms of positive traffic, but perhaps a negative ticket, and then some of the investments you're making and perhaps that might be gating factors for margin expansion? The positive same-store sales, I think, certainly suggests that your business is executing well. But just trying to get a read on competitive intensity and maybe implications for new unit economics and the margin structure for the business going forward.

<A: Laxman Narasimhan> Our brand in China is known as [Shing Baka] and it uplifts every day for millions of customers in China. And as Rachel said, our business is also strong, 5% comp in Q4. If you look at the first half of the year versus the second half of the year, the growth difference in the second half was 20% higher than the first. One thing you should know is that if you just look at the morning daypart, the morning daypart for our business in China now is higher than it was pre-COVID.

We have very strong local innovation. And to answer your question, if you look at the transactions that Rachel mentioned, we're very comfortable with the food and beverage transactions. And what we see there, including the price realization that we have, the ticket that you mentioned specifically points to merchandise and what we had in the store, which we are still working through. But we feel very good about the competitive position of beverages, the competitive position of food. We feel very good about the cash returns of the stores that we are opening. They're very strong. The team has done a wonderful job in ensuring that the cost of builds are low, with the productivity that we have been able to accomplish in our stores. We feel good about the overall returns that we are getting there. And I'm heartened by the -- by how the business is coming together despite all the headwinds that have been there for the last couple of years.

January 30, 2024

25. On January 30, 2024, Defendants published their first quarter fiscal 2024 results and reduced their projections for fiscal year 2024. CEO Narasimhan, speaking to the results, stated, in pertinent part:

Our first quarter performance was strong on many measures. Of note was the unwavering commitment of our most loyal customers, the growth in rewards members, tender and spend per member . . . Despite headwinds, our brand is very strong, and that coupled with innovation and a relentless focus on our green apron partners form long-term differentiators, along with focused execution on Triple Shot Reinvention, will drive balanced and attractive earnings growth.

1
2 . . .
3
4 I am proud of the significant margin expansion and double-digit earnings growth
5 we delivered in our first quarter, as it underscores our multiple paths to earnings
6 growth. We are executing on several levers within those multiple paths to continue
7 delivering against our balanced growth model over the remainder of the year.

8
9 26. During the same-day earnings call, CEO Narasimhan elaborated on these results,
10 touting the Company's claimed success in its Reinvention plan and growth in China, while
11 detailing their plans for future growth, pertinently stating the following:
12

13
14 Let me walk you through the details. Our performance in the quarter was
15 fundamentally strong. Our Q1 total company revenue was a record \$9.4 billion,
16 up 8% year-over-year. Our global comparable store sales grew 5% year-over-
17 year, supported by a 5% comp growth in North America, driven by 4% ticket
18 growth and 10% comp growth in China. Our global operating margins expanded
19 by 130 basis points to 15.8% and our overall earnings per share grew 20% to
20 \$0.90. ***This speaks to the continued successful execution of our reinvention plan
and the durable business we are building.***

21
22 . . .
23
24 We're focused on unlocking \$3 billion in efficiencies, and I'm pleased to say that
25 we're making steady progress. Our Triple Shot Reinvention efforts delivered 130
26 basis points of margin expansion in the first quarter of the fiscal year. As you
27 heard me say often, the key to our success is the experience that our partners create
28 for our customers. We're investing in a better experience for our partners to
advance our business to a more balanced growth model as we unlock
efficiency. ***In the quarter, we have seen the effectiveness of the Reinvention
driven investments we have made in in-store operational efficiencies such as
standards, equipment innovation and scheduling improvements, leading to a
more stable environment for our partners.***

21
22 . . .
23
24 ***We also saw great momentum in China.*** We aim to be the best in the premium
25 market in China. Our brand equity across Starbucks and Starbucks Reserve is
26 second to none. Based on our latest brand tracker, Starbucks continues to be the
27 first choice in away-from-home coffee, including among the Gen Z consumers.
28 We continue to lead in brand affinity and have a highest awareness, brand
familiarity and purchase intent scores. We have the most outstanding partners in
our stores with very strong customer connection and the highest retention rates in
our industry. We offer distinctive global and locally relevant product innovation
anchored on superior coffee with food attachments and a morning daypart that
now have surpassed pre-COVID levels.

1 Our loyal customers, a major part of tender, are coming more often and our loyalty
 2 program is growing. We're doing all of this while offering premium physical and
 3 digital experiences delivered across our distinctive store portfolio across other
 4 physical channels and through our digital connection and doing so at a
 5 commensurate value. This ambition of being best in premium in China is in line
 6 with our long-term growth ambitions for China.

7 . . .
 8
 9 There are 3 key elements in our China strategy
 10

11 First, we are offering more coffee forward, locally relevant product innovations
 12 and we're increasing engagement in social media channels to influencers and
 13 partnerships, which are highly effective in China. These actions are increasing
 14 awareness and have led to greater customer frequency. Second, we have made
 15 significant investments in technology, increasing our omnichannel capability,
 16 allowing us to serve more customers through new occasions. These investments
 17 have also led to a more digitized store environment, increasing efficiency of our
 18 supply chain and stores while enhancing the partner experience and strengthening
 19 our unit economics in both existing and new stores.

20 Finally, we're increasing the percentage of new stores opening in lower tier
 21 markets and new county cities where we see meaningfully stronger new store
 22 economics. As you can see, we moved quickly to respond and implement a plan
 23 to address these unexpected headwinds. It will take time for these action plans to
 24 be fully realized. That said, we remain confident in our Triple Shot strategy and
 25 our long-term growth. So let me share some of the progress in the quarter.

26 Our first Triple Shot Reinvention priority is to elevate our brand by operating
 27 great stores and driving product innovation. The best lever for elevating our brand
 28 is our store experience. We continue to raise the bar on running great stores with
 a focus on enhancing both our partner and customer experience.

(Emphasis added).

29 27. The above statements in Paragraphs 20 to 26 were false and/or materially
 30 misleading. Defendants created the false impression that they possessed reliable information
 31 pertaining to the Company's projected revenue outlook and anticipated growth while also
 32 minimizing risk from seasonality and growth in foreign markets, particularly China. In truth,
 33 Starbucks' Reinvention platform, which the Company claimed would prioritize business growth
 34 globally, failed to meet Starbucks' stated measures; Starbucks' plan was ill equipped to handle
 35 the existing macro uncertainty and competition, particularly in the Chinese market. Even
 36 following a tough second quarter 2024, Defendants were still touting Starbucks' Reinvention
 37

plan, citing that they believed it would still bring the Company success. Defendants misled investors by providing the public with materially flawed statements of confidence and growth projections throughout the Class Period, which did not account for these variables.

28. Some analysts further called Starbucks' projected outlook into speculation. An analyst from William Blair weighed in, noting the following takeaway from the earnings call:

That said, much of our meeting revolved around China, with investor concern related to lower-priced competition and the potential impact on Starbucks' growth trajectory, particularly as AUVs in China have waned since 2019. *We view the issue related to competition as synonymous with questions related to the health of Starbucks' brand, as frankly lower-priced coffee has always been available in every one of Starbucks' markets and has not thus far impeded Starbucks' success* (including markets such as South Korea and Japan).

(Emphasis added).

C. The Truth Emerges

April 30, 2024

29. On April 30, 2024, after market hours, Starbucks issued a press release announcing disappointing Q2 Fiscal 2024 highlights and lowered their guidance for FY 2024 stating Full Year Fiscal 2024 Financial Highlights, in relevant part:

Global comparable store sales declined 4%, driven by a 6% decline in comparable transactions, partially offset by a 2% increase in average ticket; Consolidated net revenues declined 2%, to \$8.6 billion, or a 1% decline on a constant currency basis; GAAP operating margin contracted 240 basis points year-over-year to 12.8%, primarily driven by deleverage, incremental investments in store partner wages and benefits, increased promotional activities, lapping the gain on the sale of Seattle's Best Coffee brand, as well as higher general and administrative costs primarily in support of Reinvention; GAAP earnings per share of \$0.68 declined 14% over prior year; Non-GAAP earnings per share of \$0.68 declined 8% over prior year, or declined 7% on a constant currency basis.

30. Following the April 30, 2024 press release, both CEO Narasimhan and CFO Ruggeri issued statements regarding the challenging environment and difficult quarter faced by the Company. Even still, both the CEO and CFO remained focused on the future, seemingly downplaying the issues faced by Starbucks. In pertinent part, CEO Narasimhan stated:

1 In a highly challenged environment, this quarter's results do not reflect the power
 2 of our brand, our capabilities or the opportunities ahead. It did not meet our
 3 expectations, but we understand the specific challenges and opportunities
 4 immediately in front of us. We have a clear plan to execute and the entire
 organization is mobilized around it. We are very confident in our long-term and
 know that our Triple Shot Reinvention with Two Pumps strategy will deliver on
 the limitless potential of this brand.

5 31. CFO Ruggeri then added, in pertinent part:

6 While it was a difficult quarter, we learned from our own underperformance and
 7 sharpened our focus with a comprehensive roadmap of well thought out actions
 8 making the path forward clear. On this path, we remain committed to our
 9 disciplined approach to capital allocation as we navigate this complex and
 dynamic environment.

10 32. On an earnings call later that day, CFO Ruggeri continued to emphasize the
 difficulty Starbucks was facing. In relevant part, CFO Ruggeri stated:

11 Still, we face a challenging operating environment. Headwinds discussed last
 12 quarter have continued. In a number of key markets, we continue to feel the impact
 13 of a more cautious consumer, particularly with our more occasional customer, and
 14 a deteriorating economic outlook has weighed on customer traffic, an impact felt
 15 broadly across the industry. In the U.S., severe weather impacted both our U.S.
 and total company comp by nearly 3% during the quarter. The remainder of our
 challenges were attributable to fewer visits from our more occasional customers.

16 Turning elsewhere. We still see economic volatility in the Middle East, but we
 17 remain confident in the region's long-term growth opportunities. In China, we still
 18 see the effects of a slower-than-expected recovery, and we see fierce competition
 19 among value players in the market. But we are strengthening our premium
 position, and our team in China continues to execute with terrific rigor and heart
 as the market shakeout continues and as demand recovers and matures.

20 None of these realities are excuses. Some, like weather, are transitory. Others, like
 21 a more cautious consumer, may persist longer, but much is within our
 22 control. There are 3 execution opportunities in our U.S. business I want to expand
 23 on: first, meet the demand we have across dayparts to drive future growth; second,
 24 launch even more exciting and relevant new products while maintaining our focus
 on core coffee forward offerings; and third, reach and demonstrate more value for
 our occasional and non-Starbucks Rewards customers.

25 33. Bank of America analyst, Sara Harkavy Senatore questioned CEO Narasimhan
 on Starbucks' exit rates, in relevant part:

1 <Q: Sara Harkavy Senatore – Bank of America – Analyst - The first is that you
 2 talked about weather as a headwind, and then you said that lavender latte in the
 3 quarter was one of the strongest launches you've had similar to PSL. But your exit
 4 rate -- it sounds like you're saying your exit rate was largely unchanged. So I'm
 trying to reconcile what would appear to have been headwinds that aren't
 reoccurring and then very successful innovation with the guidance and the exit
 rates.>

5 <A: CEO Narasimhan - Let me address both of them by pointing to the underlying
 6 pressures that we see consumers face just in terms of what they have available to
 7 spend. So there's no question that if you take some of these transitory headwinds
 8 out, which, of course, are not an excuse in any way, and you look at the underlying
 9 headwinds particularly around the pressures that consumers face particularly with
 the occasional customer, what we're seeing is that's where the challenge is. It's a
 challenge with their traffic and it's their challenge with them coming into our
 stores.>

10 34. The aforementioned press releases and statements made by the Individual
 11 Defendants are in direct contrast to statements they made during the November 2, 2023 earnings
 12 call. During the call, Starbucks' executives continually touted the Company's Reinvention and
 13 confidence in the business's overall momentum. Moreover, Starbucks continued to minimize
 14 risks associated with its expansion in foreign markets.

15 35. Investors and analysts reacted immediately to Starbucks' revelation. The price of
 16 Starbucks' common stock declined dramatically. From a closing market price of \$88.49 per share
 17 on April 30, 2024, Starbucks' stock price fell to \$74.44 per share on May 1, 2024, a decline of
 18 over 15% in the span of just a single day.

19 36. A number of well-known analysts who had been following Starbucks lowered
 20 their price targets in response to Starbucks' disclosures. For example, BTIG released a report
 21 regarding Starbucks' recent issues, stating, in pertinent part:

22 Similar issues were also evident in China with double-digit comp declines, as that
 23 consumer hasn't recovered post-Covid and competitive pressures seem to have
 24 intensified. The results were very poor, we can offer no defense there, and the
 stock will likely be down sizably today.

25 37. Similarly, Morningstar released a report on Starbucks' current valuation on May
 26 1, 2024, as well, stating in relevant part:

[T]he degree of comparable store sales pressure that the firm saw in its most recent quarter was shocking. Global comparable sales fell 4%, with traffic falling 7%. That represents a staggering 9-point comparable sales and 10-point comparable traffic decline over three months.

38. Then, the same day, Deutsche Bank reported on Starbucks' Chinese market, stating, "China remains weak amidst a cautious consumer backdrop and increasing competitive intensity, and the trimmed unit growth guide likely adds to concerns on the growth outlook."

39. Notably, other analysts, such as those at The Week US, believed that Starbucks' provided its take on Starbucks' issues, stating that these "issues go beyond American consumers." The Week US continued:

The company made a big bet on building new stores in China but now its "ambitious expansion plans are lagging," said Quartz. Starbucks announced in 2022 it would open one new store every nine hours in China — but it ran into competition from Luckin Coffee, a homegrown operation with more than 16,000 locations.

40. The fact that these analysts, and others, discussed Starbucks' shortfall and below-expectation projections suggests the public placed significant weight on Starbucks' statements of prior confidence in their "Triple Shot Reinvention with Two Pumps" plan, which aimed to elevate the brand, strengthen and scale digitally, and become truly global before Starbucks unlocked efficiency and reinvigorated partner culture, showed 50% store sales growth in the US over a four-year period and a 30% growth in digital ordering in the Company's US-operated stores over a one-year period highlighting both food and beverage sales as the driving factors. Moreover, during Starbucks' November 2, 2023 Reinvention Update and Holiday Launch presentation the Company touted its Rewards program, claiming it would once again double its Rewards Members within five years. Similarly, Starbucks emphasized international growth via new Starbucks locations and international licensed stores, which the Company claimed had a 26% growth in revenue per store since pre-Covid. The frequent, in-depth discussion of Starbucks' guidance confirms that Defendants' statements during the Class Period were material.

D. Loss Causation and Economic Loss

41. During the Class Period, as detailed herein, Defendants made materially false and misleading statements and engaged in a scheme to deceive the market and a course of conduct

1 that artificially inflated the price of Starbucks' common stock and operated as a fraud or deceit
 2 on Class Period purchasers of Starbucks' common stock by materially misleading the investing
 3 public. Later, Defendants' prior misrepresentations and fraudulent conduct became apparent to
 4 the market, the price of Starbucks' common stock materially declined, as the prior artificial
 5 inflation came out of the price over time. As a result of their purchases of Starbucks' common
 6 stock during the Class Period, Plaintiff and other members of the Class suffered economic loss,
 7 *i.e.*, damages under federal securities laws.

8 42. Starbucks' stock price fell in response to the corrective event on April 30, 2024,
 9 as alleged *supra*. On April 30, 2024, Defendants disclosed information that was directly related
 10 to their prior misrepresentations and material omissions concerning Starbucks' forecasting
 11 processes and growth guidance.

12 43. In particular, on April 30, 2024, Starbucks announced significantly below-market
 13 growth expectations for fiscal year 2024, actually citing declines in several areas. This projection
 14 was well below the market expectations generated by Starbucks' own previous reports of
 15 economic growth and internal growth projections provided throughout fiscal year 2023.

16 **E. Presumption of Reliance; Fraud-On-The-Market**

17 44. At all relevant times, the market for Starbucks' common stock was an efficient
 18 market for the following reasons, among others:

- 19 (a) Starbucks' common stock met the requirements for listing and was
 20 listed and actively traded on the NASDAQ during the Class Period,
 21 a highly efficient and automated market;
- 22 (b) Starbucks communicated with public investors via established
 23 market communication mechanisms, including disseminations of
 24 press releases on the national circuits of major newswire services
 25 and other wide-ranging public disclosures, such as
 26 communications with the financial press and other similar
 27 reporting services;

- (c) Starbucks was followed by several securities analysts employed by major brokerage firms who wrote reports that were distributed to the sales force and certain customers of their respective brokerage firms during the Class Period. Each of these reports was publicly available and entered the public marketplace; and
 - (d) Unexpected material news about Starbucks was reflected in and incorporated into the Company's stock price during the Class Period.

45. As a result of the foregoing, the market for Starbucks' common stock promptly digested current information regarding the Company from all publicly available sources and reflected such information in Starbucks' stock price. Under these circumstances, all purchasers of Starbucks' common stock during the Class Period suffered similar injury through their purchase of Starbucks' securities at artificially inflated prices, and a presumption of reliance applies.

46. Alternatively, reliance need not be proven in this action because the action involves omissions and deficient disclosures. Positive proof of reliance is not a prerequisite to recovery pursuant to ruling of the United States Supreme Court in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972). All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered the omitted information important in deciding whether to buy or sell the subject security.

F. No Safe Harbor; Inapplicability of Bespeaks Caution Doctrine

47. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the material misrepresentations and omissions alleged in this Complaint. As alleged above, Defendants' liability stems from the fact that they provided investors with revenue projections while at the same time failing to maintain adequate forecasting processes. Defendants provided the public with forecasts that failed to account for this decline in

sales and/or adequately disclose the fact that the Company at the current time did not have adequate forecasting processes.

48. To the extent certain of the statements alleged to be misleading or inaccurate may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

49. Defendants are also liable for any false or misleading “forward-looking statements” pleaded because, at the time each “forward-looking statement” was made, the speaker knew the “forward-looking statement” was false or misleading and the “forward-looking statement” was authorized and/or approved by an executive officer of Starbucks who knew that the “forward-looking statement” was false. Alternatively, none of the historic or present-tense statements made by Defendants were assumptions underlying or relating to any plan, projection, or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made, nor were any of the projections or forecasts made by the defendants expressly related to or stated to be dependent on those historic or present-tense statements when made.

V. CLASS ACTION ALLEGATIONS

50. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Starbucks' securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosure. Excluded from the Class are defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

51. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Starbucks' securities were actively traded on the

NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Starbucks or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions. As of April 24, 2024, there were approximately 1.133 billion shares of the Company's common stock outstanding. Upon information and belief, these shares are held by thousands, if not millions, of individuals located throughout the country and possibly the world. Joinder would be highly impracticable.

52. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

53. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

54. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether the federal securities laws were violated by Defendants' acts as alleged herein;
 - (b) whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Starbucks;
 - (c) whether the Individual Defendants caused Starbucks to issue false and misleading financial statements during the Class Period;
 - (d) whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;

- (e) whether the prices of Starbucks' common stock during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- (f) whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

6 55. A class action is superior to all other available methods for the fair and efficient
7 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as
8 the damages suffered by individual Class members may be relatively small, the expense and
9 burden of individual litigation make it impossible for members of the Class to individually
10 redress the wrongs done to them. There will be no difficulty in the management of this action as
11 a class action.

VI. COUNT I

Against All Defendants for Violations of

Section 10(b) and Rule 10b-5 Promulgated Thereunder

15 56. Plaintiff repeats and realleges each and every allegation contained above as if
16 fully set forth herein.

17 57. This Count is asserted against defendants and is based upon Section 10(b) of the
18 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

19 58. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and
20 course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions,
21 practices and courses of business which operated as a fraud and deceit upon Plaintiff and the
22 other members of the Class; made various untrue statements of material facts and omitted to state
23 material facts necessary in order to make the statements made, in light of the circumstances under
24 which they were made, not misleading; and employed devices, schemes and artifices to defraud
25 in connection with the purchase and sale of securities. Such scheme was intended to, and,
26 throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other
27 Class members, as alleged herein; (ii) artificially inflate and maintain the market price of

1 Starbucks common stock; and (iii) cause Plaintiff and other members of the Class to purchase or
 2 otherwise acquire Starbucks' securities at artificially inflated prices. In furtherance of this
 3 unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set
 4 forth herein.

5 59. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the
 6 defendants participated directly or indirectly in the preparation and/or issuance of the quarterly
 7 and annual reports, SEC filings, press releases and other statements and documents described
 8 above, including statements made to securities analysts and the media that were designed to
 9 influence the market for Starbucks' securities. Such reports, filings, releases and statements were
 10 materially false and misleading in that they failed to disclose material adverse information and
 11 misrepresented the truth about the Company.

12 60. By virtue of their positions at the Company, Defendants had actual knowledge of
 13 the materially false and misleading statements and material omissions alleged herein and
 14 intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative,
 15 Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain
 16 and disclose such facts as would reveal the materially false and misleading nature of the
 17 statements made, although such facts were readily available to Defendants. Said acts and
 18 omissions of defendants were committed willfully or with reckless disregard for the truth. In
 19 addition, each defendant knew or recklessly disregarded that material facts were being
 20 misrepresented or omitted as described above.

21 61. Information showing that Defendants acted knowingly or with reckless disregard
 22 for the truth is peculiarly within defendants' knowledge and control. As the senior managers
 23 and/or directors of the Company, the Individual Defendants had knowledge of the details of
 24 Starbucks' internal affairs.

25 62. The Individual Defendants are liable both directly and indirectly for the wrongs
 26 complained of herein. Because of their positions of control and authority, the Individual
 27 Defendants were able to and did, directly or indirectly, control the content of the statements of
 28

1 the Company. As officers and/or directors of a publicly-held company, the Individual Defendants
 2 had a duty to disseminate timely, accurate, and truthful information with respect to Starbucks'
 3 businesses, operations, future financial condition and future prospects. As a result of the
 4 dissemination of the aforementioned false and misleading reports, releases and public statements,
 5 the market price of Starbucks' common stock was artificially inflated throughout the Class
 6 Period. In ignorance of the adverse facts concerning the Company which were concealed by
 7 Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired
 8 Starbucks' common stock at artificially inflated prices and relied upon the price of the common
 9 stock, the integrity of the market for the common stock and/or upon statements disseminated by
 10 Defendants, and were damaged thereby.

11 63. During the Class Period, Starbucks' common stock was traded on an active and
 12 efficient market. Plaintiff and the other members of the Class, relying on the materially false and
 13 misleading statements described herein, which the defendants made, issued or caused to be
 14 disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares
 15 of Starbucks' common stock at prices artificially inflated by defendants' wrongful conduct. Had
 16 Plaintiff and the other members of the Class known the truth, they would not have purchased or
 17 otherwise acquired said common stock, or would not have purchased or otherwise acquired them
 18 at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff
 19 and the Class, the true value of Starbucks' common stock was substantially lower than the prices
 20 paid by Plaintiff and the other members of the Class. The market price of Starbucks' common
 21 stock declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff
 22 and Class members.

23 64. By reason of the conduct alleged herein, Defendants knowingly or recklessly,
 24 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5
 25 promulgated thereunder.

26 65. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and
 27 the other members of the Class suffered damages in connection with their respective purchases,

1 acquisitions and sales of the Company's common stock during the Class Period, upon the
 2 disclosure that the Company had been disseminating misrepresented financial statements to the
 3 investing public.

4 **VII. COUNT II**

5 Against the Individual Defendants for Violations of
 6 Section 20(a) of the Exchange Act

7 66. Plaintiff repeats and realleges each and every allegation contained in the foregoing
 8 paragraphs as if fully set forth herein.

9 67. During the Class Period, the Individual Defendants participated in the operation
 10 and management of the Company, and conducted and participated, directly and indirectly, in the
 11 conduct of the Company's business affairs. Because of their senior positions, they knew the
 12 adverse non-public information about Starbucks' misstatements.

13 68. As officers and/or directors of a publicly owned company, the Individual
 14 Defendants had a duty to disseminate accurate and truthful information, and to correct promptly
 15 any public statements issued by Starbucks which had become materially false or misleading.

16 69. Because of their positions of control and authority as senior officers, the
 17 Individual Defendants were able to, and did, control the contents of the various reports, press
 18 releases and public filings which Starbucks disseminated in the marketplace during the Class
 19 Period concerning the misrepresentations. Throughout the Class Period, the Individual
 20 Defendants exercised their power and authority to cause Starbucks to engage in the wrongful acts
 21 complained of herein. The Individual Defendants therefore, were "controlling persons" of the
 22 Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they
 23 participated in the unlawful conduct alleged which artificially inflated the market price of
 24 Starbucks' common stock.

25 70. Each of the Individual Defendants, therefore, acted as a controlling person of the
 26 Company. By reason of their senior management positions and/or being directors of the
 27 Company, each of the Individual Defendants had the power to direct the actions of, and exercised

1 the same to cause Starbucks to engage in the unlawful acts and conduct complained of herein.
2 Each of the Individual Defendants exercised control over the general operations of the Company
3 and possessed the power to control the specific activities which comprise the primary violations
4 about which Plaintiff and the other members of the Class complain.

5 71. By reason of the above conduct, Starbucks is liable pursuant to Section 20(a) of
6 the Exchange Act for the violations committed by the Company.

7 **VIII. PRAYER FOR RELIEF**

8 **WHEREFORE**, Plaintiff demand judgment against defendants as follows:

- 9 A. Determining that the instant action may be maintained as a class action
10 under Rule 23 of the Federal Rules of Civil Procedure, and certifying
11 Plaintiff as the Class representatives;
- 12 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class
13 by reason of the acts and transactions alleged herein;
- 14 C. Awarding Plaintiff and the other members of the Class pre-judgment and
15 post-judgment interest, as well as their reasonable attorneys' fees, expert
16 fees and other costs; and
- 17 D. Awarding such other and further relief as this Court may deem just and
18 proper.

19 **IX. DEMAND FOR TRIAL BY JURY**

20 Plaintiff hereby demands a trial by jury.

23 [Signature blocks on following page]

1 Dated: August 28, 2024

Respectfully submitted,

2 **BRESKIN JOHNSON TOWNSEND PLLC/s/**
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10 -and-

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